

Memorandum

Date: 1/15/91  
To: Bryan Sweeney  
From: Harold Etsell, Jr.  
cc: George Gardner  
Lee Sandifer  
Subject: W40AF dba TV40--History and Future

TV40 was granted a construction permit by the FCC on January 26, 1988, was licensed October 31, 1988 and began operations on December 16, 1988. TV40 is a low power television broadcast station with a broadcast radius of approximately 18 miles. Low power television broadcast stations were licensed by the FCC to serve limited small markets. The business purpose of TV40 was to provide new sources of revenue to Raystay Co. in a newly licensed type of television broadcast station which was perceived to have substantial future revenue potential and value. This revenue potential was to be developed through advertising sales of programming designed to serve small geographic areas with local programming not provided by the larger market television broadcast stations previously licensed by the FCC. Consequently, the start up cost of operations and program development for this type of station was expected to be substantial in the beginning two to three years of operation as a new market niche had to be developed.

To be successful any television broadcast station must develop and purchase programming to serve the interests in its markets. However, in addition to this, a television station must also successfully convince Cable TV companies that its benefits to cable subscribers is sufficient to warrant carriage as cable companies are not required to carry any television broadcast station. To date TV40 is carried in about twenty (20%) percent of the cabled homes in its signal coverage area.

Over the past two years TV40 has developed its production and operating staff, created an advertising sales department and local programming; some of which is syndicated nationally and one of which has received a national award for excellence. In addition, we are presently negotiating a program contract that has the potential to significantly improve our fiscal 1991 actual performance as compared to our existing budget.

Federal Communications Commission

Docket No. 93-78 Exhibit No. 507

Presented by W. W. B. DEC 03 1993

Disposition DEC 03 1993

Reporter A. Williams

Date DEC 03 1993

We have also developed a new programming concept which we intend to implement in late 1991. This new program concept will be made possible through the activation of five (5) new low power television broadcast stations, with a potential to cover a market of 350,000 homes, which will require only minimal additional staff due to the potential to remotely control programming from our existing facilities.

This new programming concept has been reviewed preliminarily by the major Cable TV operators in the expanded service area. Early indications are that we may be carried by cable systems with 240,000 subscribers immediately upon turn on of the additional five (5) stations.

It is believed that this new programming format and the potential for advertising sales with the additional potential viewers will generate sufficient income to break even in the first year, and show a profit in the second year for all six (6) low power television broadcast stations.

—  
m  
m  
B  
E  
X.

508

1-18-91

Hal

Is there a business to be  
made putting Video Jukebox  
Network on the 6 LFTV's  
Raystay owns?

David A Gardner

Federal Communications Commission

Docket No. 93-73 Exhibit No. mb 508

Presented by Schenman, Corp

Disposition	{	Identified	<u>12.2.93</u>
		Received	<u>12.2.93</u>
		Rejected	

Reporter G. Wilson

Date 12.2.93

m  
m  
B  
E  
X

## Low Power TV Business Plan

Date: February 12, 1991

Raystay presently operates one (1) low power television station located in Carlisle, Penna., serving the Harrisburg area ; and holds five (5) construction permits for another five (5) low power television stations capable of serving the Lancaster, Lebanon and York areas. These stations, when all become operational, will have a contiguous coverage area of approximately 340,000 homes including approximately 240,000 cable subscribers. The stations may be operated independently, simultaneously as a group network or in any combination(s) preferred.

This group of stations represents a viable competitive media group in Daulphin, York, Cumberland, Lancaster and Lebanon counties, and could be viewed in Berks county by Berks Cable TV subscribers if the cable system elected to carry the signal. To become a viable outlet for area advertisers it is necessary to have access to the major cable system operators in the area. These operators are ATC in the Lebanon area, The Lemfest Group in the Lancaster area, Susquehanna Broadcasting in the York area and Sammons in the Harrisburg area. In addition to the above, Warner and Raystay would add another 40,000 to 50,000 subscribers.

With access to these cable systems this group of stations offer a unique opportunity to regional and local advertisers as they can reach the larger regional market or anyone of six smaller markets. Consequently, with the right program package a unique niche can be created in the media marketplace.

We propose to offer cable operators an alternative program source to the current movie services such as Nostalgia and American Movie Classics. We will also provide advertising avails for promotional use. In addition we can offer local origination of significant interest local events such as parades, social gatherings, political debates and sports, if this is determined to be in our best interest.

The combination of programming and commercial access offers cable operators the opportunity to reduce their operating costs by eliminating the program fees paid for current movie services and provides access to their current subscribers and non-subscribers for marketing their



Federal Communications Commission

Docket No. 93-79 Exhibit Womms 509

Presented by Schenman,

Disposition	{	Identified	<u>12.2.93</u>
		Received	<u>12.2.93</u>
		Rejected	<u>          </u>

Reporter G. W. Schenman

Date 12.2.93

services through broadcast television. We believe that cable operators will find this opportunity very attractive. And, this offer eliminates the cable operators chief reason for not adding new channels: the lack of channel capacity, as we are enabling them to replace a channel and save operating dollars in the process. The chief obstacle to this offer will be a cable operators ability to cancel his commitment to his existing movie channel provider.

To make this concept work we need to develop the programming package and staff, a sales staff to sell advertising and a marketing plan to sell the concept to cable operators. Much of the preliminary work in these area has been accomplished. A preliminary meeting has been held with the four largest operators. Their response was very positive. Additional meetings are planned for February and March. Contact has been made with Cable AdNet to sell the advertising and they are very interested and have presented the concept to their board. The program package has been discussed with persons knowledgeable in the field of purchasing and packaging programming for television stations. I have proposed a joint venture company which would purchase and package the programming and develop a marketing package for possible syndication of the entire concept to other low power television station operators. While expanding this concept is premature, it is appropriate to consider how the program could be made available for the future.

Our timetable for development is as follows:

February through May--Contact cable operators and obtain their commitment to carry the stations when they are active. Contact interested parties to create a joint venture in the program development and distribution company. Develop budgets and identify funding sources. Obtain a firm commitment from Cable AdNet to sell advertising.

June through July--Finalize funding sources. Identify and lease or purchase transmitter sites. Design and order towers and transmission equipment. Finalize program package concept and hire personnel if required.

August through September--finalize any of the above activities as necessary.

October through November--Contact potential advertisers. Begin marketing and public relations. Finalize program contracts.

December--Turn on stations.

LOW POWER TV  
CONSTRUCTION COST

SITE:

TV23/TV31 LANCASTER, TRANSMITTER LOCATED ON ERIC RD. WHERE  
RTS. 30 & 230 MEET NORTH OF FRANKLIN AND MARSHALL COLLEGE  
TV23-7120 WATTS; TV31-6750 WATTS

	QUANTITY	PRICE EA	TOTAL
TRANSMITTER	2	\$50,000	\$100,000
CONTROL EQUIPMENT	1	\$35,000	\$35,000
WAVEGUIDE	2		
ANTENNAE	2	\$15,000	\$30,000
LABOR	2		
BUILDING	1	\$15,000	\$15,000
TOWER	1	\$15,000	\$15,000
ENGINEERING	1	\$10,000	\$10,000
MISC.	1	\$5,000	\$5,000
MICROWAVE:			
TRANSMITTER	1	\$30,000	\$30,000
WAVEGUIDE	2 }		
ANTENNAE	2 }	\$5,000	\$10,000
LABOR	2 }		
SITE SUB-TOTAL			\$250,000

SITE:

TV38/TV55 LEBANON, TRANSMITTER LOCATED AT 625 QUENTIN RD.  
SIX (6) BLOCKS SOUTH OF RT. 422 AND RT. 72 INTERSECTION ON  
RT. 72. TV38-7040 WATTS; TV55-6640 WATTS

	QUANTITY	PRICE EA	TOTAL
TRANSMITTER	2	\$50,000	\$100,000
CONTROL EQUIPMENT	1	\$35,000	\$35,000
WAVEGUIDE	2		
ANTENNAE	2	\$15,000	\$30,000
LABOR	2		
BUILDING	1	\$15,000	\$15,000
TOWER	1	\$15,000	\$15,000
ENGINEERING	1	\$10,000	\$10,000
MISC.	1	\$5,000	\$5,000
MICROWAVE:			

3

75601

WAVEGUIDE	1 }		
ANTENNAE	1 } }	\$5,000	\$5,000
LABOR	1 }		

SITE SUB-TOTAL			\$215,000
----------------	--	--	-----------

**SITE:**

TV56 RED LION, TRANSMITTER LOCATED AT ON A TOWER WE OWN  
ON RT. 24 IN WINDSOR TWP. TWO (2) MILES SOUTH OF RED LION.  
TV56-9000 WATTS

	QUANTITY	PRICE EA	TOTAL
TRANSMITTER	1	\$50,000	\$50,000
CONTROL EQUIPMENT	1	\$35,000	\$35,000
WAVEGUIDE	1		
ANTENNAE	1	\$15,000	\$15,000
LABOR	1		
BUILDING	1	\$15,000	\$15,000
ENGINEERING	1	\$10,000	\$10,000
MISC.	1	\$5,000	\$5,000
MICROWAVE:			
WAVEGUIDE	1 }		
ANTENNAE	1 } }	\$5,000	\$5,000
LABOR	1 }		
SITE SUB-TOTAL			\$135,000
TOTAL ALL SITES			\$600,000

**STUDIO:**

LOCATION-LANCASTER TRANSMISSION SITE.

ORIG. EQUIP. ONLY	1	\$50,000	\$50,000
SAT. DISH & EQUIP.	1	\$15,000	\$15,000
MISC.	1	\$10,000	\$10,000

TOTAL STUDIO			\$75,000
--------------	--	--	----------

TOTAL PROJECT COST:			\$675,000
---------------------	--	--	-----------

75602

4

---

m  
m  
B

t  
x.

510

---

# ALTERNATIVES VIRGINIA

---

March 26, 1991


Mr. George Gardner  
Raystay Company  
1416 Trindle Rd.  
Carlisle, PA 17013

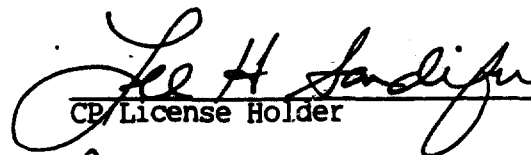
Dear George:

This letter is to confirm that we have agreed in principal to the terms and conditions as outlined in the agreement submitted for the LPTV situations listed on the attached Raystay Location Data sheet. \*

It is understood that closing shall start to occur on or before May <sup>15</sup> 1, 1991 at a location in to be determined later. <sub>uts</sub>

Please sign and return one copy to indicate your acknowledgement.

 3.26.91  
\_\_\_\_\_  
Programmer Date

 5/7/91  
\_\_\_\_\_  
CP/License Holder Date  
Raystay Co.  
Vice President

PLEASE RETURN TO: P.O. Box 69, Dayton, VA 22821

\* Agreed in principal per the Agreement and  
Option to Purchase, as amended by Raystay  
on May 7, 1991.

75185

Federal Communications Commission	
Docket No. <u>93-79</u>	Exhibit No. <u>510</u>
Presented by <u>M. B.</u>	<u>DEC 03 1993</u>
Disposition <u>DEC 03 1993</u>	
Reporter <u>A. W. Allen</u>	
Date <u>DEC 03 1993</u>	

# RAYSTAY

## LOCATION DATA

(Monthly Basic Fee)

CITY	CALLS	1-6 Mos.	7-12 Mos.	13-24 Mos.	25-36 Mos.	Purchase Opt.
Lancaster, PA	W23AW	\$ 640	\$ 750	\$ 950	\$ 1,300	\$ 44,400
Lancaster, PA	W31AX	610	715	905	1,220	42,200
Lebanon, PA	W38BE	510	625	870	1,115	36,150
Lebanon, PA	W55BP	480	580	825	1,045	34,330
Red Lion, PA	W56CJ	580	700	860	1,130	40,350
Carlisle, PA	W40AF	Fiirst option pending data submission by Raystay.				

All offers include basic monthly fee, plus 3% of ad revenue.

We are responsible for full equipment build-out in CP deals.



m  
m  
B  
E  
X

511

Dennis Grolman  
1902 Woodland RD  
York PA 17403

TEL. 717 846-6527  
FAX. 717 848-2014

Raystay Company  
George F. Gardner  
Carlisle PA

RE: Purchase of LPTV License

Dear Sir,

After scrutinizing the current LPTV Construction Permit Listing, I noticed your company has acquired a number of these sites in South Central PA.

Considering the multitude of your acquisition, I was wondering whether one or more of your sites were for sale with a guarantee of transfer from its original location.

I am looking forward to hearing from you soon.

Sincerely,



Dennis Grolman

4/4 Called and left message (home #)

75586

Federal Communications Commission

Docket No. 93-78 Exhibit No. 51

Presented by W. W. B. DEC 03 1993

DEC 03 1993

Disposition

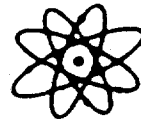
Reporter A. Walden DEC 03 1993

Date

m  
m  
B  
E  
X.

512

# RAYSTAY CO.



P. O. BOX 38

CARLISLE, PA 17013

(717) 245-0040

BROADBAND COMMUNICATIONS - CATV

May 23, 1991

Mr. R. L. Fenstermacher  
Quality Family Companies  
39 K South Avenue  
Dayton, VA 22821

Dear Dick,

Thank you for your patience in closing the Raystay LPTV deals. For your review and approval, I enclose the following:

1. An executed copy of one of the LPTV Permit Agreements and Option to Buy Agreement. All five are the same--except for the monthly lease and option price amounts you proposed.
2. An executed Agreement and Option to Buy Agreement for TV 40. Please review, sign and fax the first page and signature pages from each agreement to me on May 24, 1991.
3. A summary of amounts due to close all the aforementioned LPTV agreements.

I am having our FCC attorneys review all documents and will keep you advised of any necessary changes.

The following documents are being prepared for your signature prior to takeover of the TV40 operations next week:

1. Sublease from Raystay to Quality Family Companies for offices and studio at 1310 Holly Pike, Carlisle, PA.
2. Exhibit B - You and I will inventory the equipment on May 30, 1991. I am having a costed detail prepared for inventory items.

Please consider any other information that you may need prior to the finalization of these agreements and contact me with questions or comments.

Cordially,

Lee H. Sandifer  
Vice President

LHS:alf

Enclosures (3)

75236

Federal Court of Appeals for the District of Columbia  
Docket No. 93-79 Exhibit No. 512  
Produced by MSB  
DEC 03 1993  
DEC 03 1993  
Re: A. Wilson  
Date: DEC 03 1993

m

m

B

E

X.

513

## AGREEMENT

IT IS HEREBY UNDERSTOOD that QUALITY FAMILY COMPANIES of Dayton, VA., a Virginia partnership, hereinafter referred to as the "Programmer" and RAYSTAY COMPANY, Carlisle, PA., a Pennsylvania corporation, hereinafter called the "Permit Holder", have reached an agreement, on the dates shown below, concerning a construction permit (CP), hereto:

WHEREAS the Permit Holder has indicated it owns or controls the CP, listed on Exhibit "A", and that the CP was granted properly by the Federal Communications Commission (FCC), with the effective and expiration dates as shown, and desires to program the CP, and

WHEREAS the Programmer has indicated the desire to program the station through a designated legal entity, and

NOW, THEREFORE it is mutually agreed to proceed under the following terms and conditions:

The PERMIT HOLDER shall:

1. Grant Programmer exclusive rights to air programming on the station up to twenty-four (24) hours per day, seven (7) days a week for an initial period of thirty-six (36) months. The initial period will be from the first month the Programmer commences programming;
2. Continue the Agreement indefinitely, with renegotiation after the initial 36-month period has expired, but each party shall have the right



Federal Court of Appeals

Case No. 93-73 Filed 12/03/93

Decided by: N.M.P.

DEC 03 1993

DEC 03 1993

A. Waldner

DEC 03 1993